



Customs & Global Trade Opportunities and trends

Rotterdam, 9 September 2014

Agenda

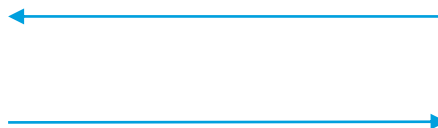
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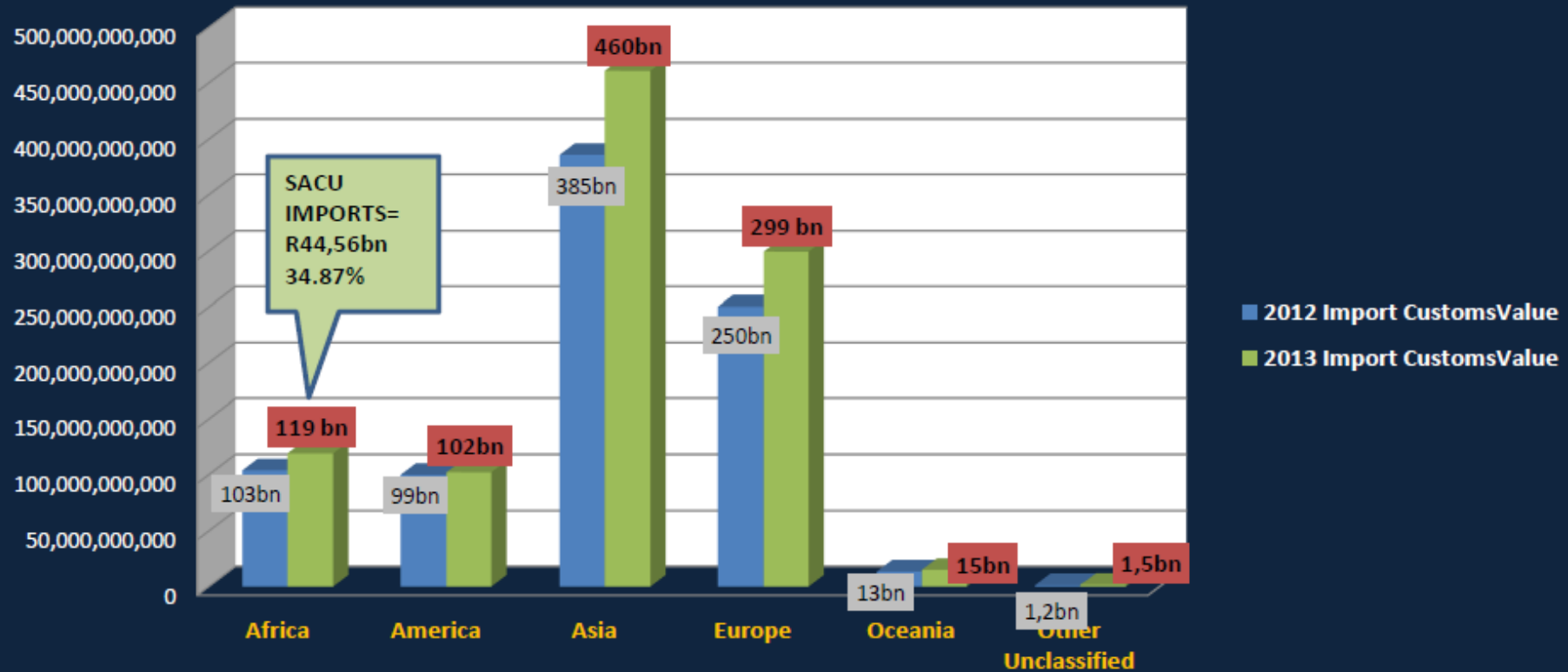
1. Economic partnership agreements

- Agreement initialed by the SACU members (Botswana, Lesotho, Swaziland, Namibia and South Africa) and Mozambique;
- Easing of “rules of origin” framework (potential in boosting industrial output);
 - Rules less restrictive than the prevailing bilateral Trade development & Co-operation Agreement between EU and SA signed in 2004;
 - Particularly beneficial for clothing export, two-stage transformation -> one-stage transformation;
 - Allows for SA manufacturers to import ‘cheap’ fabric and broadens the scope for sourcing (cumulation).
- Great access for 32 agricultural products (e.g. rise duty free quota wine rises from 47m litres to 110m litres, quantities of sugar and ethanol get duty free access).



IMPORTS 2012/2013 COMPARISON

WORLD REGIONS IMPORTS

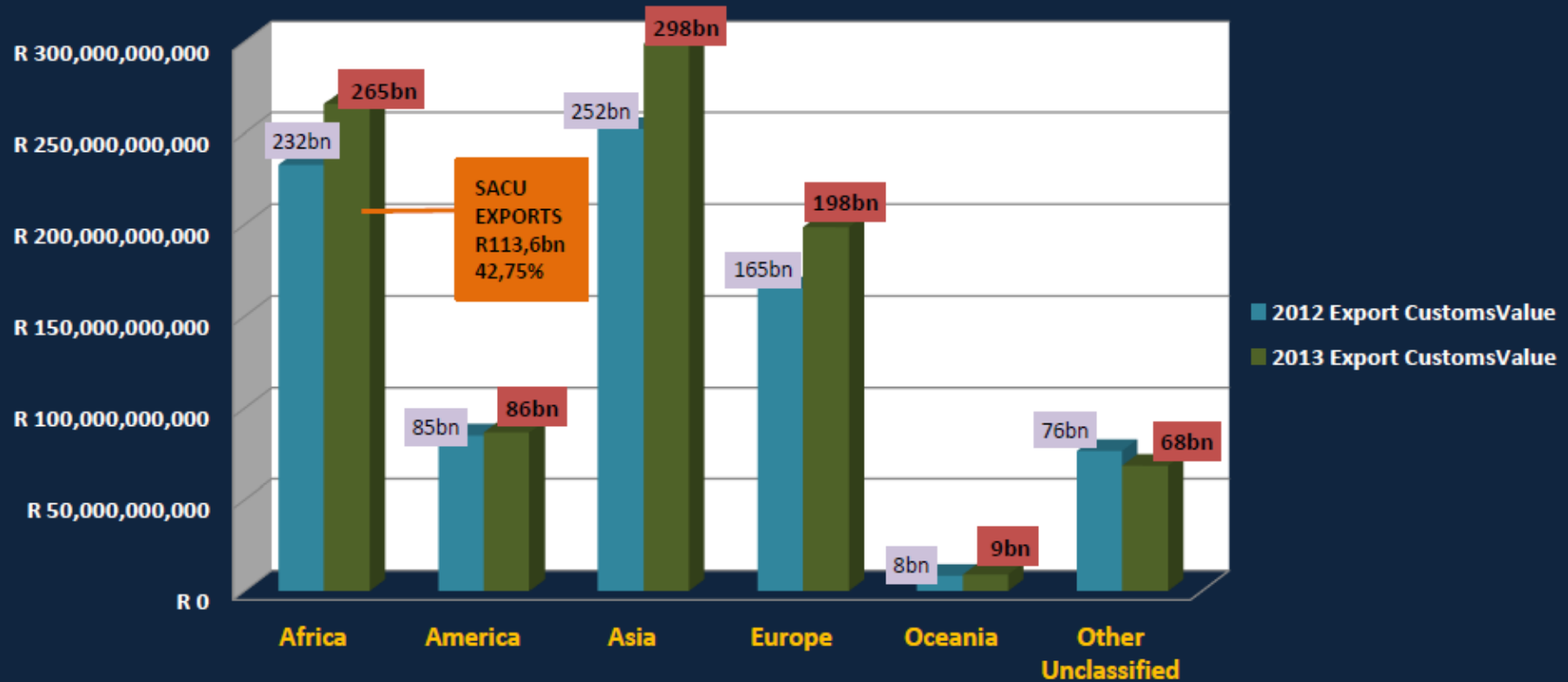


World Region		2012 Import CustomsValue	2013 Import CustomsValue	% Tototal
Africa	(3)	R 103, 95bn	R 119 ,15bn	11.94%
America	(4)	R 99, 89bn	R 102 ,19bn	10.24%
Asia	(1)	R 385, 96bn	R 460, 87bn	46.17%
Europe	(2)	R 250, 44bn	R 299,45bn	30.00%
Oceania		R 13, 52bn	R 15, 02bn	1.51%
Other Unclassified		R 1 263 147 267	R 1 573 116 434	0.16%

RSA EXPORTS 2012/2013 COMPARISON



WORLD REGIONS EXPORTS



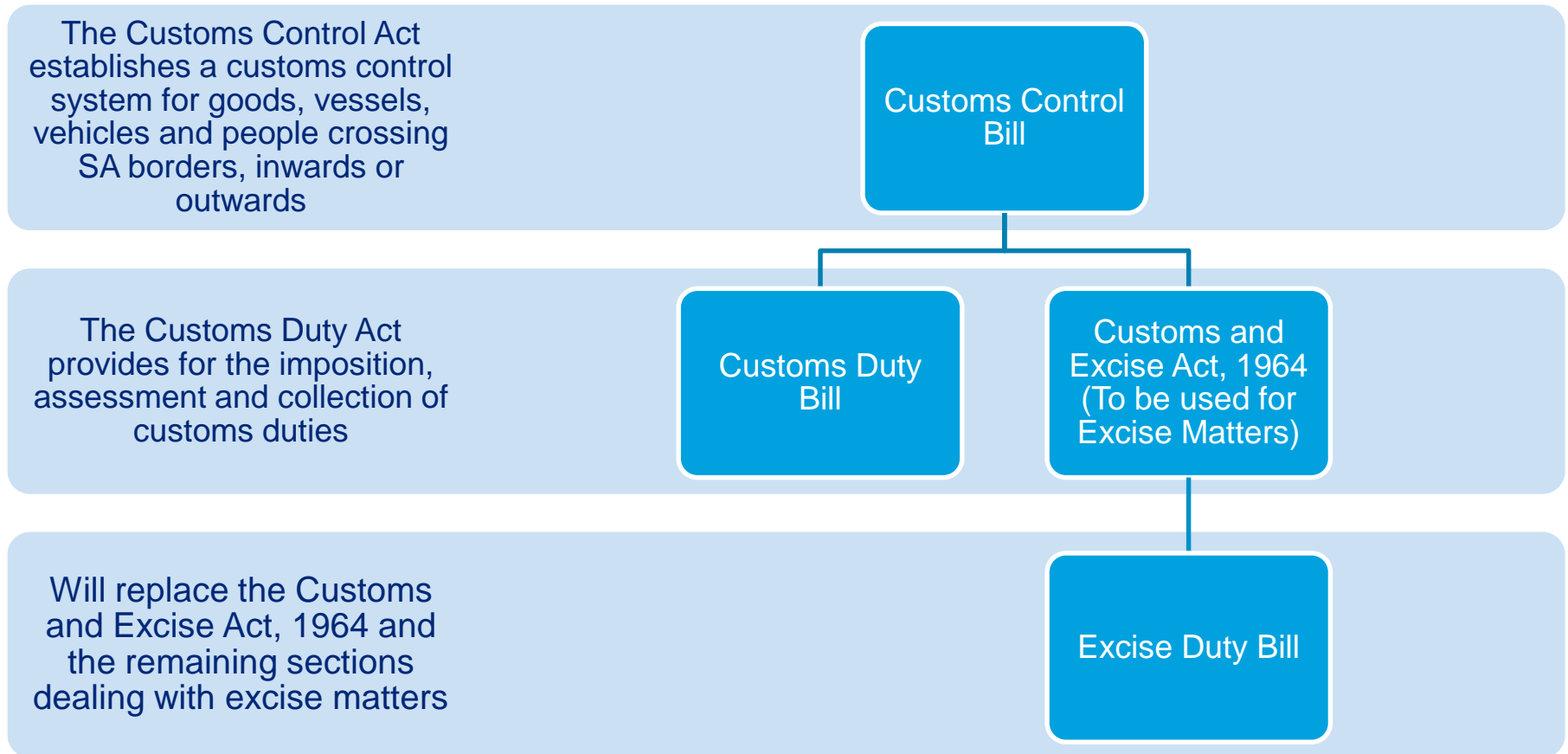
World Region		2012 Export Customs Value	2013 Export Customs Value	% Total
Africa	(2)	R 232 ,8 bn	R 265, 9bn	28.67%
America	(4)	R 85,02 bn	R 86,6bn	9.35%
Asia	(1)	R 252,09bn	R 298, 89bn	32.23%
Europe	(3)	R 165,4bn	R 198, 52bn	21.41%
Oceania		R 8,35bn	R 9 ,01bn	0.97%
Other Unclassified		R 76, 49bn	R 68, 35bn	7.37%

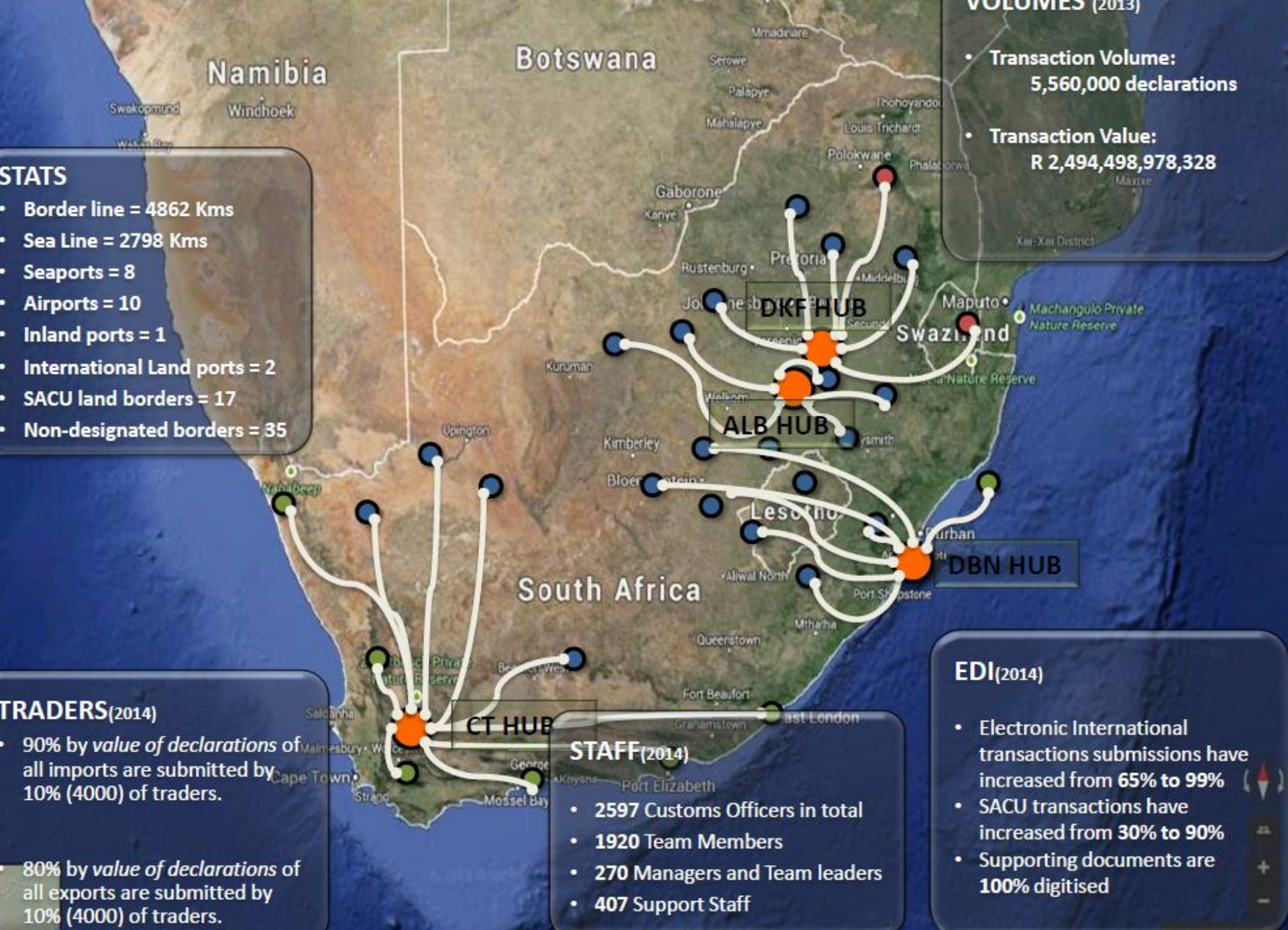
2. Customs modernisation

Customs & Excise Act 1964 vs. Customs duty Act & Customs Control Act

- The objective of the new Acts are to:
 - Modernise Customs
 - Bring the Acts into line with other domestic legislation
 - Bring the Acts into line with the Revised Kyoto Convention
 - Make it simpler to understand
 - Support a fast-paced international trade environment
 - Remove ambiguity relating to Customs specific terminology
 - Provide for wider powers/ activities in line with international Customs practice
- The Acts introduce mechanisms that will cut cost of compliance and administration which broadly include:
 - Modern systems and simplified procedures
 - Effective collection
 - Advance electronic communication
 - Expedited release
 - Fast-tracking procedures
 - Simplified declarations
 - More clear benefits for accredited traders

The new **Acts** constitute the first phase of the modernisation of Customs in South Africa. The second phase will involve the drafting of the Excise Duty Bill.





3. Preferred Trader (AEO)

WCO Safe Framework of Standards (Authorised Economic Operator programme)

- Increase supply chain security
- Efficient customs controls
 - Trade volumes had doubled over the previous 10 years, while staff numbers had decreased
 - Focus on internal processes with companies (control framework)

In practice

- From the introduction, the participation in the Preferred Trader Program was voluntarily, whereby companies were 'invited' to participate;
- Currently application is 'open to the public';
- No accreditations yet, which most likely has to do with the new customs legislation that has not been enforced yet;
- Companies reluctant to apply due to intensity of the involvement of SARS and the benefits remain unclear;
- No mutual recognition as just yet.

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